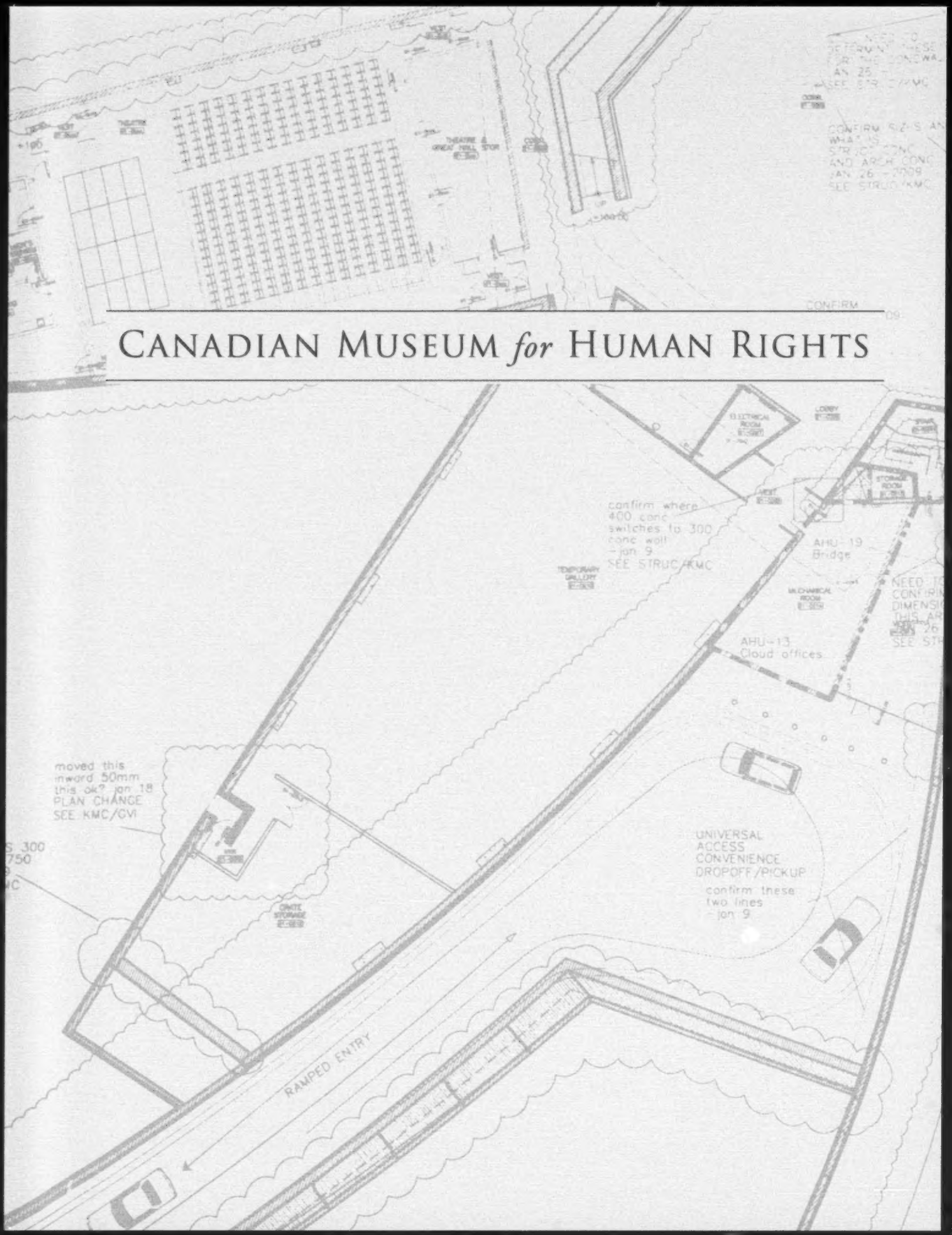
CANADIAN MUSEUM *for* HUMAN RIGHTS

CMHR / ANNUAL REPORT 2008 - 2009

FIRST ANNUAL REPORT 2008 2009

Canada



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First ANNUAL REPORT 2008–2009

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Design: samourai.ca
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Photos: John Johnston Photography
and David Lipnowski Photography
ISBN: 978-0-9813127-0-5
Printing: Au Point Reprotech
Printed in Canada
June 30, 2009

MESSAGE FROM THE CHAIR

It is with tremendous pride that I, on behalf of my colleagues on the Board of Trustees of the Canadian Museum for Human Rights, submit the Museum's very first Annual Report, which describes the remarkable results we have achieved since the Museum became a Crown corporation on August 10, 2008. Earlier that year, the Federal Government had added a chapter to the story of human rights by introducing legislation in Parliament to create the Canadian Museum for Human Rights (CMHR). The *Act to Amend the Museums Act*, which received Royal Assent on March 13, 2008, created the first national cultural institution since the late 1960s and made history by making it the first to be located outside of the National Capital Region. Appointed on August 26, 2008, the Board of Trustees met for the first time and started our work in earnest on September 3, 2008.

At that time, we had the great benefit of being able to rely on considerable preparatory work that had been done in the years since the late Israel Harold (Izzy) Asper first dreamed of a Museum located in Winnipeg, dedicated to the exploration of Canadian and international human rights issues. The Friends of the Canadian Museum for Human Rights had not only raised a significant level of interest and financial support from the private sector, but their effort and commitment meant we were well positioned to make several important decisions. At the Board's first meeting, it was our great privilege to receive a presentation of the respective visions of internationally acclaimed architect Antoine Predock and exhibit designer Ralph Appelbaum, both of whose work was recommended to us by the Friends.

We also benefitted greatly from the commitment of the then Minister of Canadian Heritage and her officials and derived valuable input and advice from the work of the Minister's Advisory Committee, which was established in October 2007 and which consulted widely with Canadians. The Committee made 78 recommendations covering a wide range of topics.

Following extensive deliberations over numerous Board meetings, we were able to approve Antoine Predock's extraordinary, inspirational design, and we joined the Prime Minister, the Premier of Manitoba, and the Deputy Mayor of Winnipeg at an groundbreaking ceremony on December 19, 2008, to launch the construction of the Museum's facility at the Forks in Winnipeg, an historic gathering place for thousands of years. Prior to the launch, given the importance of the location, an archaeological dig was completed in accordance with the requirements of Manitoba's *Heritage Resources Act*; it was the most significant archaeological work that has been undertaken to date at the Forks.

The heart and soul of the Museum will be its content; the Board of Trustees is establishing the strategic direction to guide the development of the Museum's programming. We have been clear that it will inspire, challenge and touch the hearts and minds of those whom it reaches, and that it will sensitize the world to the consequences of prejudice and raise awareness of the role that each individual can play in furthering the dignity and rights of all citizens of the world. Based on this direction, the Museum is retaining the staff and private sector knowledge and expertise necessary to refine the exhibit plan and develop world-class exhibits that will make the Museum a national and international destination and centre for learning.

As we develop the Museum program, we are keenly aware that the topics we will be covering bring with them a wide range of legitimate—and deeply held—perspectives. These perspectives will at times converge, and at times be in conflict; it will be our aim to ensure they are considered in a respectful environment, and presented fairly and openly.

We have also been investing considerable effort in establishing a new Crown corporation, one that meets the Government's—and Canadians'—expectations for sound governance, ethical conduct and management excellence. Key priorities have been to establish an effective framework of policies and procedures conducive to sound governance and to recruit the necessary talent and expertise to meet our objectives. We are collaborating with the Government of Canada to recruit the Museum's first Director/Chief Executive Officer, and have appointed Patrick O'Reilly as Chief Operating Officer, delegating to him in the interim most of the duties normally performed by the Director/CEO. My colleagues share my tremendous thanks and appreciation for Patrick's outstanding leadership and support during this important start-up period. We also sincerely appreciate the dedication and commitment of the small but outstanding team of management and staff who that has been working tirelessly over the past months.

We also remain deeply grateful to the Friends, private donors, the Governments of Canada, Manitoba and Winnipeg and ultimately the Canadian taxpayers for their financial support of the Museum Project. The CMHR is the first of Canada's national museums to be created with funding from a provincial and municipal government and from significant private donations. Throughout both the architectural and content design and development processes, the Museum has also enjoyed a close and productive relationship with the First Nations, particularly those in Treaty 1—on whose ancestral land the Museum will be built. The Board is mindful of the tremendous responsibility we have to manage these resources wisely and to be accountable to our many stakeholders for results.

This annual report describes the results we have achieved in comparison with the objectives we established in our first Corporate Plan, a summary of which was tabled in Parliament in February, 2009. While taking enormous pride in our tremendous achievements to date, we are mindful of the many challenges ahead. We understand and respect the significant responsibility that has been placed in our hands; we know that in bringing this dream to reality, we are making an important contribution to Canada's nation-building. We are grateful for this unique, historic opportunity. Above all, we look forward to welcoming visitors to the country's most spectacular cultural venue, one which will be a symbol both of the ongoing struggle to defend human rights around the world and throughout history, and of Canada's important role in that journey.

Arni C. Thorsteinson
Chair of the Board
Canadian Museum for Human Rights

MESSAGE FROM THE CHIEF OPERATING OFFICER

In February, 2008, Parliament approved the creation of the Canadian Museum for Human Rights as a national museum through the passage of the *Act to Amend the Museums Act*. The *Act* received Royal Assent on March 13, 2008. Just over a year later – and only eight months after the Governor General proclaimed the legislation, we are extremely proud to have the opportunity to present a summary of our tremendous achievements over such a short period of time.

In creating this Museum, we recognize the important role we are playing in contributing to Canada's nation building and in sharing with the world the role our country has played in promoting human rights, the rule of law, freedom and democracy. In almost every respect, the CMHR is a first in Canada. It is Canada's first national museum to be established since its Centennial year, the first to be built outside the National Capital Region; and the first to be created with financial support from a province, a city, the private sector and non-governmental organizations. It is also unique in that it was initially a privately-conceived museum, into which the Friends of the CMHR and their supporters had invested significant time, effort and money. It is also Canada's first "idea" museum, one that will be focused less on the collection of artefacts and more on the interpretation of ideas around sensitive and complex subjects. And it is believed to be among the first—if not the first—museum internationally to be dedicated to the broad subject of human rights.

The extent of the challenges inherent in these "firsts" cannot be underestimated. Each of them alone is an enormous task; in combination, they are daunting. We have been been faced with the complex job of developing world-class content aimed at sensitizing the world to the consequences of prejudice and promoting respect, understanding and an awareness of the role that each individual can play in furthering the dignity and rights of all citizens of the world; selecting and building an iconic—and incredibly complex—architectural design that will be worthy of its intended content and become a treasured landmark; and establishing the first cultural Crown corporation to be created by the Federal Government in a generation—outside of the National Capital Region—at a time when the public's expectations for accountability and transparency have never been higher.

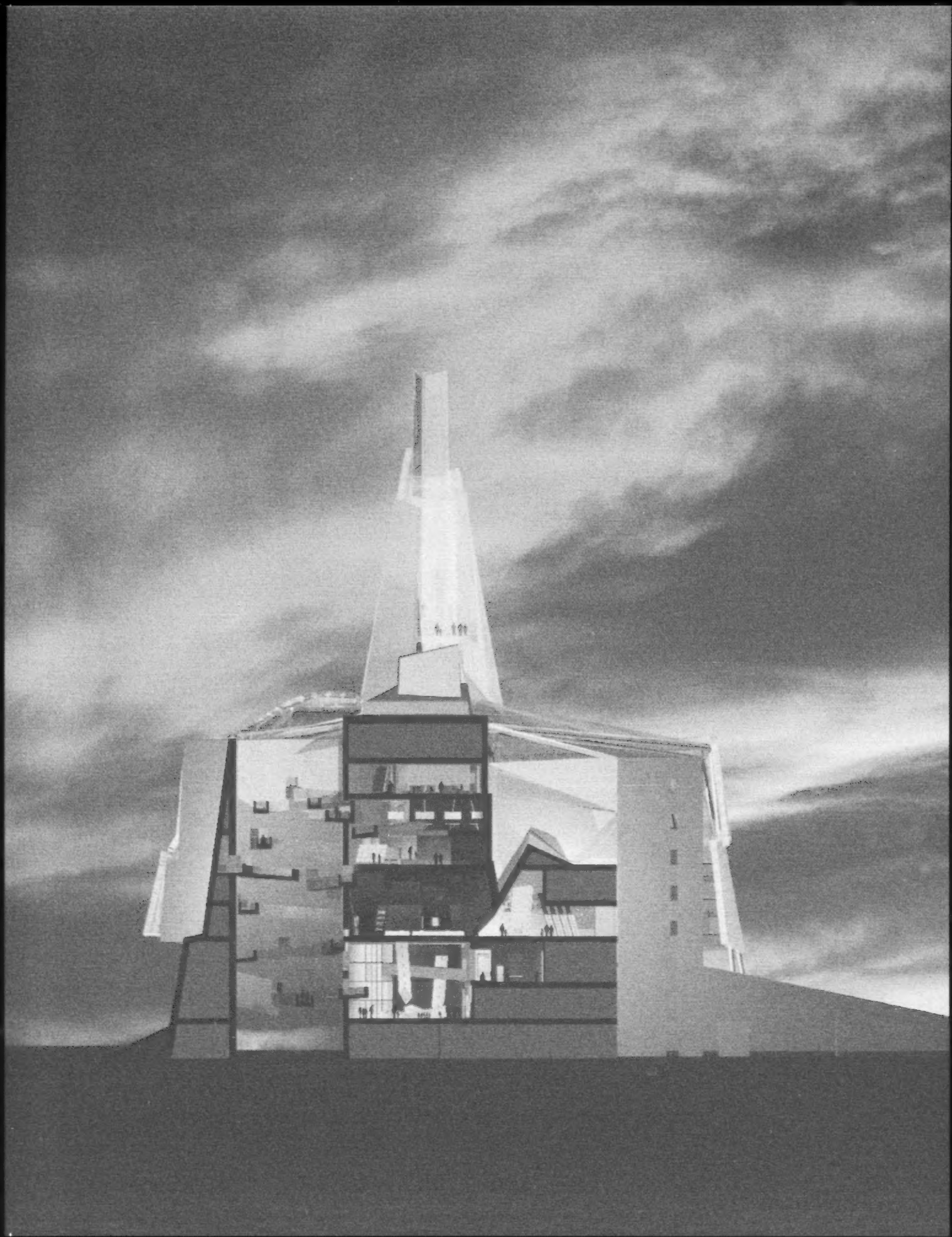
Despite the monumental nature of the job with which we have been faced, combined with the fact that we are still in early days of staffing the key positions required to undertake this huge project, we have achieved with excellence what we set out to do in our first Corporate Plan. We have selected Ralph Appelbaum Associates as Exhibition Designers and are launching a series of cross-country consultations and story-gathering opportunities to take place throughout 2009 to build and refine the Museum's content and design. We completed the complex Design Development and Value Engineering on Antoine Predock's extraordinary architectural design, finalized contracts with the architects, engineers and construction managers, and developed a detailed construction schedule and project plan with risk management imbedded in it. Construction began in early April, 2009, and we intend to open the facility in 2012. And we have made amazing strides in establishing governance and management practices, procedures and systems required for sound management and accountability.

Each step of the way, we have also been engaging and establishing important relationships with colleagues and a wide range of stakeholders. We are extremely grateful for the advice, counsel and goodwill we have received from other cultural institutions in Winnipeg, across Canada and internationally, as well as from interest groups and individuals who share our commitment to enhancing the world's knowledge and awareness of the enormous cost of prejudice and intolerance

None of this would have been possible without the tireless commitment and dedication of the core team of individuals that we have been developing since September 2008. While we continue to recruit, our accomplishments are a testament to the enthusiasm, perseverance, and long hours that each and every one of the people who have been serving the Museum—either in permanent or part-time poistions or in temporary roles—has brought to the early stages of this historical journey. I would like to take this opportunity to express my sincere appreciation to them for the overwhelming successes that we have been able to accomplish together.

What unites us all is a commitment to contributing to the growth of our nation by establishing a Museum—both physically and in terms of content—that is accessible, welcoming to all and a catalyst for action; a national and international destination that encourages reflection and dialogue on human rights issues and results in greater respect for the rights of others.

Patrick O'Reilly
Chief Operating Officer
Canadian Museum for Human Rights



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ABOUT THE CANADIAN MUSEUM FOR HUMAN RIGHTS

Mandate

The Museum's purpose is to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue.

National museums play an essential role, individually and together in preserving and promoting the heritage of Canada and its people throughout Canada and abroad; and in contributing to the collective memory and sense of identity of all Canadians; and are a source of inspiration, research, learning and entertainment that belongs to all Canadians.

Vision

The Board of Trustees has begun the important work of developing a vision statement to articulate the unique role that the CMHR will play in promoting human rights in Canada and abroad. While this work is not complete, the Board has established the following key principles:

- *The Canadian Museum for Human Rights will inspire, challenge and touch people emotionally in the manner by which it promotes respect, understanding and an awareness of the role that each individual can play in furthering the dignity and rights of all citizens of the world;*
- *Accessible and welcoming to all and a catalyst for action, the Museum's bilingual exhibition content and educational programming will have a transformative impact on the minds and the hearts of those it reaches;*
- *The Museum will be an exceptional national and international destination that encourages reflection and dialogue on human rights issues, sensitizes the world to the consequences of prejudice and results in greater respect for the rights of others;*
- *The Museum will not shy away from controversy; it will recognize and present the wide variety of legitimate perspectives on sensitive issues fairly and openly and will embrace constructive public debate; and*
- *The Museum's programming will be housed in a magnificent and inspiring building that is worthy of its content and that becomes an internationally recognized symbol both of the ongoing struggle to defend human rights and of Canada's important role in that journey.*

Values

The Board of Trustees has also begun the important work of establishing a clear statement of values unique to the Museum and of agreeing on the means by which the organization will embrace these values in its day-to-day actions and decision-making. While this work is not complete, the statement will embody Canada's commitment to democracy, freedom, human rights and the rule of law. It will also reflect organizational values such as objectivity, innovation, equity and inclusiveness. The Museum's status as a national institution also confers a set of principles based on accountability and transparency, national accessibility and engagement, collaboration, corporate citizenship and sound research and scholarship.

A DREAM BECOMES REALITY

The Museum began as the dream of the late Israel Asper, O.C., O.M., who envisaged a museum located in Winnipeg and dedicated to the exploration of Canadian and International human rights issues, from both an historical and a present-day perspective. In 2002, the Friends of the Canadian Museum for Human Rights Inc. (the Friends) was registered as a charitable foundation to promote the establishment of a Museum for Human Rights, to be built at the Forks—an historic aboriginal meeting place—where the Red and the Assiniboine Rivers converge. The Friends conducted a feasibility study, largely funded by the Federal Government, which confirmed that a museum dedicated to human rights in Winnipeg was a sustainable proposition.

In 2003, signalling its strong support for the proposed Museum, the Government of Canada announced a capital commitment of $30 million, including $3 million for project planning to be provided immediately, and $27 million to be placed in a trust account for building construction and related costs, with oversight by Western Economic Diversification (WED). Over the next two years, the Friends carried out an extensive fundraising campaign and launched an international competition for the architectural design, overseen by both technical and architectural review committees. In 2005, the Friends announced Antoine Predock Architects as the competition's winner. That same year, the Federal Government made a further commitment of an additional $70 million in capital funding.

In April 2007, the Prime Minister announced the Government's intention to establish the new Museum as a national cultural institution by: amending the *Museums Act;* contributing to the facility construction project; and providing operating funds, estimated at $21.7 million annually. At that time, the Government also signed a Statement of Intentions with the four public and private stakeholders who had agreed to contribute to the capital project.

These arrangements were confirmed in an historic Definitive Agreement, signed by the Minister of Canadian Heritage on behalf of the Government of Canada and by the four stakeholders on February 1, 2008. The Agreement would result in the establishment of Canada's first national museum to be created with contributions from a province, a city and significant contributions from private donors. The Definitive Agreement set forth in detail the terms, provisions and conditions for the parties' undertakings and stipulated that full accountability for the Museum's strategic direction would rest with the Board of Trustees.

In October 2007, the Government of Canada appointed an Advisory Committee, charged with providing advice to the first Board through the Minister of Canadian Heritage. The Advisory Committee consulted Canadians widely through focus groups and the internet, hearing the views of over 2500 individuals and groups. The Committee submitted its report in March 2008. The Committee's advice has been invaluable to the Board.

Definitive Agreement Commitments to the Capital Project:

- *The Government of Canada: $100 million in cash;*
- *The Province of Manitoba: $40 million in cash;*
- *The City of Winnipeg: $20 million, including cash and contributions in kind;*
- *The Friends of the Canadian Museum for Human Rights: $105 million; and*
- *The Forks Renewal Corporation: transfer of land at the Forks in Winnipeg to the Federal Government for the sole use by the museum.*

On February 11, 2008, the Government of Canada introduced legislation in Parliament to create the Canadian Museum for Human Rights (CMHR). The *Act to Amend the Museums Act,* which received Royal Assent on March 13, 2008, also established the Museum as the first national museum to be created since the 1960s and the first to be located outside of the National Capital Region. The legislation came into force on August 10, 2008 and the Government appointed the Museum's first Board of Trustees on August 26, 2008. The Canadian Museum for Human Rights is a member of the Canadian Heritage Portfolio and reports to Parliament through the Minister of Canadian Heritage and Official Languages.

CORPORATE GOVERNANCE

The Canadian Museum for Human Rights is a distinct legal entity, wholly-owned by the Crown, which operates at arm's length from the Government in its day-to-day operations, activities and programming. Under the *Museums Act*, the Museum's Board of Trustees serves as its governing body and is accountable to Parliament for the stewardship of the Museum, through the Minister of Canadian Heritage and Official Languages. The legislation provides for an eleven-member Board—independent from Management—that provides direction and oversight and is appointed by the Governor in Council on the advice of the Minister.

The Board of Trustees delegates authority for the day-to-day management of the Museum to its Director as the CEO of the Corporation, and holds Management accountable for the day-to-day management of the Museum's performance, its long-term viability and the achievement of its objectives. The Government, supported by the Board, has launched a search that will allow it to appoint the Corporation's first Director/Chief Executive Officer. In the absence of a CEO during the early period of the Museum's operations, the Board has appointed a Chief Operating Officer to whom it has temporarily authorized to perform those key functions which would normally be those of the CEO.

The Museum is governed by the regime for Crown corporation control and accountability established under Part X of the *Financial Administration Act*. The Museum is also required to comply with a range of provisions in other statutes, including: the *Federal Accountability Act*; the *Access to Information Act*; the *Privacy Act*; the *Criminal Code of Canada*; the *Official Languages Act and Regulations*; and the *Canada Labour Code*, among others.

The Museum has made a commitment to meet or exceed recognized best practices of corporate governance. To this end, it has begun putting in place the policies, procedures and systems that are conducive to sound management and accountability, including clarity of objectives and expectations; clear lines of accountability; transparency in the application of and compliance with rules; and a culture based on a solid ethical foundation. At its first meeting, the Board adopted By-laws and a Governance Policy to establish its mandate, duties, responsibilities, powers and role. At one of its first meetings an external expert in the field provided the Board with a comprehensive orientation on the Crown corporation governance regime.

The Board is also committed to operating at all times in a manner that meets or exceeds public and staff expectations for sound, ethical and value-based leadership. As Public Office Holders, Trustees are required to comply with the federal *Conflict of Interest Act*; they have also adopted a Code of Conduct that establishes principles to govern the conduct of members of the Board, both individually and in their collective decision-making.

Board of Trustees

As of March 31, 2009

Chairperson

- Arni C. Thorsteinson, C.F.A., L.L.D.
  Winnipeg, Manitoba

Vice-Chair

- Vacant

Trustees

- Gail Asper, O.C., O.M., LL.D. (Hon.)
  Winnipeg, Manitoba
- Bill Barkley, F.C.M.A.
  Victoria, British Columbia
- Ronald Corey, O.C.
  Westmount, Quebec
- The Hon. Constance R. Glube, O.C., O.N.S., Q.C.
  Halifax, Nova Scotia
- Vim Kochhar, O.Ont., O.M.C.
  Toronto, Ontario
- Dr. Yves Laberge, Ph.D.
  Quebec City, Quebec
- Dr. Wilton Littlechild
  Hobbema, Alberta

Corporate Officers

Director/CEO

- Vacant

Chief Operating Officer

- Patrick O'Reilly

Chief Financial Officer

- Susanne Robertson, CA

STRATEGIC PRIORITIES

The Museum's primary objective is to achieve the mandate established for it by Parliament in the most effective way possible. Its first Corporate Plan, which the Government approved in September 2008, was a five-year plan in keeping with the requirements of the *Financial Administration Act*. It identified the Museum's strategic priorities, but focussed on plans for the months between the Board's appointment and the end of the first fiscal year. It identified the following three strategic priorities:

- To manage all aspects of the Building Construction Project in a sound, transparent and accountable manner, on time and within budget, employing effective risk-management practices throughout;

- To develop the Museum's content and programming through ongoing consultation and engagement of organizations and individuals across Canada, including, but not limited to, the valuable input provided by the Advisory Committee; and

- To adopt sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability to Canadians for results; to retain the necessary human resources both for the transition and the longer-term.

Key Activities

As required for all federal organizations, the Museum has developed a Program Activity Architecture (PAA). The PAA contains three key activities and their respective sub-activities:

Museum Content and Program:

- Sound Research and Scholarship;
- Accessible and Engaging Exhibits and Educational programming;
- National Outreach, Engagement and Service; and
- Strong Marketing and Communications.

Accommodation:

- Capital Construction; and
- Building Operations.

Stewardship and Corporate Management:

- Corporate Governance;
- Administration; and
- Revenue Generation and Private Sector Fundraising.

PERFORMANCE AGAINST OBJECTIVES

Everyone Has the Right: A Canadian and the Words that Changed the World

December 10, 2008 was the 60th Anniversary of the signing of the Universal Declaration of Human Rights. To mark this important milestone, the Canadian Museum for Human Rights launched its first virtual exhibition entitled: **Everyone has the Right: A Canadian and the Words that Changed the World.** The exhibit was premiered at a Human Rights Day Youth Conference organized by the United Nations of Canada – Winnipeg Chapter and held on the campus of the University of Winnipeg.

Developed only three months after the Museum started operations—and three years before its facility will open to the public, **Everyone has the Right** explores the life of Canadian John Peters Humphrey. Few people know the role played by this legal scholar, whose efforts brought international attention to human rights issues in the 20th Century. Humphrey was the principal author of the *Universal Declaration of Human Rights*, adopted by the United Nations in 1948. He gave the world a vision, upholding the principal that every human is, by virtue of his or her humanity alone born free and equal in dignity and rights. The exhibit can be viewed by visiting the Museum's web-site.

In its first Corporate Plan, the CMHR established, for each program activity, a set of key results it aims to achieve by the fifth year of the plan, with specific commitments for its first seven months of operations. The Museum is on track to achieve its plans as described. The following outlines the objectives, key results and accomplishments for each activity.

Program Activity 1: Museum Content and Programming

Objective: That the Museum's content and programming is developed through ongoing consultation and engagement of Canadians, including, but not being limited by, the valuable work already undertaken by the Friends of the Museum and the Minister's Advisory Committee on the CMHR.

Key Result:

The Museum develops accessible and engaging exhibits and educational programming that promote reflection and dialogue

Accomplishments:

The CMHR:

- Launched its first on-line exhibit on December 10, 2008 – only three months after starting operations – which:
  - Was extremely well received;
  - Established a museological presence in the world;
  - Provided a foundation for the Museum's website;
  - Provided valuable lessons learned on design and accessibility; and
  - Established strong partnerships, particularly with local universities and national organizations in the Heritage portfolio.
- Retained world renowned exhibit designer Ralph Appelbaum Associates (RAA) to develop the exhibition plan and is now well positioned to launch the important next phase of content development;
- Established a Content Advisory Committee (CAC) to lead the consultations and story-gathering across Canada, to be launched in the spring of 2009; and

- Began the process to recruit senior curatorial staff; this will be a unique role, and the appropriate skills and core competencies are critical; the Museum has engaged LORD Cultural Resources to provide curatorial expertise in the interim.

Key Result:

The Museum develops an approach to national outreach, engagement and service.

Accomplishments:

The Museum:

- Developed a comprehensive Public Engagement and National Outreach Strategy, aimed at engaging Canadians in all parts of the country, gathering the stories that will form the basis of the exhibit program and strengthening relationships with key stakeholders;
- Engaged key and diverse stakeholders, focusing on situating the Museum well within their communities. This includes Aboriginal and First Nations groups, the local Francophone community in Winnipeg , key individuals and organizations representing people with disabilities, a wide range of ethno-cultural groups and others;
- Established a preliminary web-site; and
- Reached audiences through the internet through the virtual exhibit, several years before the building opens.

Key Result:

The Museum develops a framework for sound research and scholarship.

Accomplishments:

- In the Corporate Plan, the CMHR anticipated that this work requires significant reflection and would therefore not begin in the first partial year of operations; it remains a priority for the next fiscal year.

Key Result:

The Museum garners a high level of awareness and public support through strong and effective marketing and communications strategies.

Accomplishments:

The Museum:

- Recruited key staff to lead Communications and Public Engagement and Marketing and Partnerships;
- Implemented a wide range of communications and media relations strategies including numerous public events that raised awareness of the Museum, including the launch of the virtual exhibit and the ground-breaking ceremony launching construction;
- Began developing a branding strategy;
- Increased visibility through a number of speaking engagements and national conferences, including an effective, high-impact presence at the Canadian Museum's Association's annual conference in March, 2009;
- Undertook a web needs analysis exercise to better assess the Museum's short – and long-term web requirements;
- Established partnerships with numerous key local stakeholders including Travel Manitoba, Destination Winnipeg and individual associations and tour operators; the Museum was prominently featured at "Rendez-Vous Canada"—Canada's signature international marketing opportunity—in Calgary in May 2009 and will be dominantly featured in Winnipeg, in 2010;
- Arranged for "Manitoba Homecoming 2010" to prominently feature a countdown to the Museum opening, and to include Human Rights events such as concerts, film festivals; and
- Negotiated a significant presence in "Manitoba House" at the 2010 Vancouver Olympics and Paralympics.

Program Activity 2: Accommodation

Objective: That all aspects of the Building Construction Project are managed in a sound, transparent and accountable manner, on time and within budget, employing effective project and risk-management practices throughout.

Key Results:

Decisions related to the building's design lead to the construction of a landmark facility that is appropriate to meet the Museum's mandate and objectives and will endure as a treasured landmark for generations;

Decisions related to the building are sound, are based on appropriate analysis and study and stand up to public scrutiny and provide for effective, long-term operational sustainability.

Accomplishments:

Following extensive study, the Board of Trustees approved the magnificent architectural design by Antoine Predock, originally selected in a rigorous and transparent international architectural competition held by the Friends. The building is intended to be a world-class, iconic structure that is worthy of its content and that inspires generations of visitors and becomes an internationally recognized symbol both of the ongoing struggle to defend human rights and of Canada's important role in that journey.

The decision to proceed with the Predock design was based on extensive analysis, including:

- A thorough evaluation of Value Engineering options, together with a full assessment of risks and impacts; this process resulted in significant cost saving in several areas while maintaining the integrity of the original design;
- Considerations of reasonable add-in options items, including LEED silver certification;
- Detailed and complete costing, made possible due to the fact that the Design Development stage was completed prior to decision-making;
- Extensive on-going development work with the architects, engineers and contractor which led to design improvements, including improving the accessibility of the building to people with disabilities; and
- Advice from an external expert advisor retained by the Board for this purpose.

The building is scheduled to open in 2012.

Key Result:

The building construction project is governed by an effective project management regime, including a robust strategy to manage risks related to the project.

Accomplishments:

The Museum:

- Signed contracts with PCL Constructors to be the Construction Manager and with Smith Carter Architects and Engineers to be the Architect of Record; retained an experienced Project Manager;
- Developed a robust project management regime based on best practices; this involved, among other elements:
  - Developing a detailed project plan with risk management embedded in it;
  - Finalizing a construction schedule including a schedule for tendering; and
  - Organizing regular Project Team meetings to review the schedule and budget.
- Began the process to tender the major components of the construction; tendering is on schedule and will be 76% complete by June 30, 2009;
- Completed all documentation required to finalize the land transfer; and
- Started construction on schedule in April, 2009.

The proposed building is approximately 100 metres high and consists of twelve independent levels, including mezzanines. The total floor area of the building is approximately 24,154 m² (260,000 sq ft). Although the overall form of the building is circular, it is a highly sculptured mass, and generally consists of four Root structures that connect with the earth, a Cloud structure (glazed area), a Stone Mountain Gallery structure and a Tower of Hope.

Key Result:

The Museum engages the local Aboriginal community at appropriate times throughout the design and construction processes.

Accomplishments:

- The Museum has regularly engaged the aboriginal community including the Elders and community leaders, including to review plans for the construction of the building and the archeological dig and to perform a blessing prior to the beginning of the dig; the community is keenly engaged in the process;
- The Museum also conceived of and implemented a "Construction Neighbours Committee," to ensure sound relationship building with all of the key stakeholders at the Forks; this has provided a further avenue for ongoing collaboration with the First Nations and Métis communities.

Program Activity 3: Stewardship and Corporate Management

Objectives: That the Museum adopts sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability to Canadians for results; and that the Museum recruits and retains the necessary human resources both for the transition and the longer-term.

Key Result:

The Corporation meets or exceeds recognized standards for Corporate Governance and has in place the policies, procedures and systems that are conducive to sound management and accountability including:

- Clarity of objectives and expectations;
- Clear lines of accountability;
- Transparency in the application of and compliance with rules; and
- A culture based on a solid ethical foundation.

Accomplishments:

The CMHR established a strong legal and policy foundation including:

- Adopting By-laws that clearly define the respective roles of the Board and Management;
- Setting terms of reference for the Executive, Audit and Building Project Committees; the Trustees are operating as a Committee as a whole to carry out these duties until a full Board is appointed;
- Approving corporate policies for Governance, Investment and Contracting along with a Code of Conduct to govern their actions; and
- Approving the resolutions required to facilitate the land transfer from Manitoba and the Forks and prepared to have the funds released from escrow.
- Establishing clear objectives for the future; while its first Corporate Plan focused on short-term priorities, its most recent plan sets both one – and five-year goals;
- Beginning work to establish long-term vision and values statements; this work will continue in the coming year.

Key Result:

The Corporation has the policies, procedures and systems in place that are conducive to sound management and accountability.

Accomplishments:

The Museum established a sound and effective foundation for financial management, including:

- Appointing an experienced Chief Financial Officer on the Museum's first day of operations;
- Adopting a financial delegation instrument at the first Board meeting;
- Obtaining the Government's approval of short-term operating budgets;
- Establishing investment and operating accounts, financial management systems and internal controls; and
- Building a solid rapport with the Office of the Auditor General.

It also began developing a framework and associated policies for Human Resource Management, including a Code of Conduct and Conflict of Interest Code for Employees.

Key Results:

The corporation attracts and recruits the talent and expertise necessary both for the transition and the longer-term; and

The corporation has a workplace that is fair, enabling, healthy and safe and a workforce that is productive, principled, sustainable, adaptive and representative of the diversity inherent in Canadian society.

Accomplishments:

The Government, supported by the Board of Trustees, approved an Executive Search Firm to assist in the recruitment of the Museum's first Director/CEO. The Board of Trustees appointed a Chief Operating Officer, to whom it has assigned the duties that would normally be the Director/CEO's. In the interim, the Museum has:

- Hired a core team of 11 dedicated professionals and retained additional expertise through a range of shorter-term and temporary mechanisms;
- Developed options for an organizational structure for the future CEO's consideration; this work reflected advice obtained from other "idea museums," national and local cultural organizations, and reflects both transitional and longer-term requirements;
- Started developing a compensation structure; completed preliminary market research and prepared an RFP for assistance in developing the salary structure and job evaluation tool;
- Conducted high-impact recruiting sessions, most notably at the annual conference of the Canadian Museums Association in the spring of 2009;
- Began the process to fill key senior positions to lead the curatorial and exhibition planning and retained world renowned consultants to fill the role in the interim;
- Worked with local community organizations, such as those representing the Francophone and Aboriginal communities to seek support in diversifying the Museum's workforce;
- Contracted with a payroll service and obtained approval to set up federal employee pension and benefit plans; set up a temporary group benefits program in the interim until the federal plan is in place;
- Registered the corporation with Labour Canada for workers' compensation coverage; and
- Opened an interim office and began fitting up suitable three-year office space to house employees until the Museum opens in 2012.

Key Result:

The corporation establishes the capacity to generate ongoing private-sector funds; upon its opening, the Museum will be in a position to generate revenues.

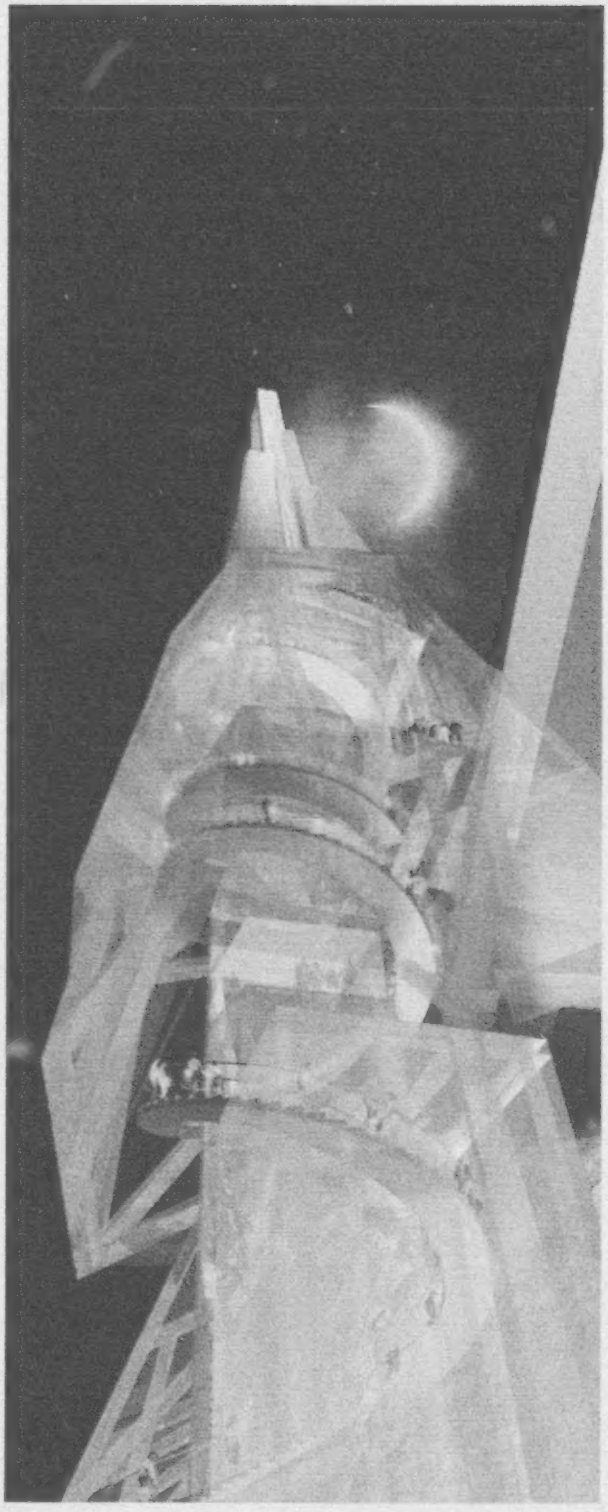
Accomplishments:

The CMHR is the first of Canada's National museums to be established with capital funding support from provincial and municipal governments and the private sector. The Friends of the Canadian Museum for Human Rights—established in 2002—with which the Museum enjoys a strong relationship, have raised over $ 105 million in private sector pledges for the Museum project. The Museum has been working with the Friends to develop a Donor Recognition Policy, under which the Board would establish the rules for recognizing private donors and for assigning naming rights to donations of a certain size. This is expected to facilitate fundraising not only to complete the capital campaign, but to begin establishing an endowment. The Board is exploring options to establish a permanent foundation once the Friends' mandate expires.

THE YEAR AHEAD

The Corporate Plan for the five-year period starting in 2009-2010, tabled in Parliament on May 14th, 2009, reaffirms the strategic priorities established in the Museum's first Corporate Plan and provides details on both short – and medium-term objectives. Key among them are:

- To complete the Design Development of the Exhibition Plan through significant research, a major, nation-wide story gathering exercise and continued consultations with stakeholders and museum experts;
- To hire key staff to lead the curatorial, research, exhibition and educational program development;
- To begin implementing the branding strategy and continue strengthening key partnerships;
- To complete the first year of the construction schedule on time and to lock in a significant portion of the budget by tendering 85% of the sub-contracts;
- To address the anticipated capital funding pressure that has resulted from an escalation in construction costs since the capital budget was estimated in 2007, based on early architectural drawings;
- To continue to develop more substantive plans and risk mitigation strategies in the next Corporate Plan;
- To develop a performance measurement framework, including targets and indicators to facilitate more comprehensive performance reporting, consistent with the framework being developed for all national museums in the Heritage Portfolio;
- To finalize the Museum's operating budget for future years and seek an appropriate level of funds, taking into account the operational realities facing a national museum, such as the requirement under the federal *Payments in Lieu of Taxes Act*;
- To finalize the organizational structure and recruit staff as required and appropriate; to continue building a fair, enabling, healthy and safe workforce that is representative of both official languages and the diversity inherent in Canadian society; and
- To begin the required work to establish a permanent fundraising foundation.



MANAGEMENT DISCUSSION AND ANALYSIS

Background

The Canadian Museum for Human Rights was established as a Crown corporation on August 10, 2008 and the first Board of Trustees appointed on August 26 of that year. In the remaining seven and one half months of the 2008-2009 fiscal year, the corporation had to be created—staff hired, an office fitted up, a new Board of Trustees briefed and an aggressive Board agenda facilitated. In addition, the Museum undertook an ambitious launch of an on-line exhibition, hosted the Prime Minister at a ground-breaking ceremony, managed the launch of a large and very complex construction project and initiated a search for a CEO.

The Museum's primary objective is to achieve the mandate established for it by Parliament in the most effective way possible.The environment in which the Museum operates will have a direct impact on its success. Both internal and external factors will affect the Museum's ability to construct its facility within budget, to attract visitors to the Museum once it has opened its doors, to recruit and retain a skilled and professional workforce, and to fund its ongoing operations. The Museum's five-year Corporate Plan is designed to guide its continuing success in light of the following environmental factors:

Strengths and Opportunities

- Strong government support at all levels;
- Strong public support;
- Strong private support and fundraising;
- Significant external input;
- Location;
- A well-advanced design process; and
- The opportunity to "get it right".

Risks and Challenges

- Risks related to capital construction (e.g., inflation, labour availability, schedule changes, foreign exchange);
- Governance and operational risks associated with establishing a new Corporation, including the need to recruit and retain a large number of staff;
- Controversial subject matter;
- High expectations from Museum supporters; and
- Risks related to on-going operations (e.g., obligations under the *Federal Payments in Lieu of Taxes Act* and inflation in operating and maintenance budgets).

Operating Budget: Overview

In establishing the Museum as a national cultural institution, the Government of Canada agreed to provide operating funds (based on the Friends' initial estimate) of up to $21.7 million per year once the museum is operational. Based on the information and analysis available at the time, the Government of Canada approved an initial operating budget of $6.5 million; $2.5 million for 2008-2009 and $4 million for 2009-2010. The Government directed the Museum to return to it in 2009 to seek a more appropriate level of operating funds based on a detailed operating budget.

The CMHR is the first national cultural institution to be created in a generation. As work began on the detailed operating budget, the Museum signaled in its first Corporate Plan (approved within weeks of the appointment of the Board of Trustees), that the actual start-up costs for the first two years would be higher than the original estimates for the two years. The increased costs were required to put the appropriate resources in place to:

- Consult extensively with Canadians;
- Provide the Board with the information required to make decisions regarding the building project and the related contracts;
- Administer the contracts and monitor the building project;
- Research and develop the content for the exhibitions;
- Oversee the exhibition design and installation;
- Become a fully operational Crown corporation with all of the necessary accountability mechanisms; and
- Fit-up and lease office space with sufficient informatics capability.

Operating Budget: Year-End Results

To address the projected short-fall for 2008-2009, the Museum sought, and obtained, the Government's approval to re-profile $2.5 million from 2009-2010 to 2008-2009, giving it $5 million to cover operations in 2008-2009. As a result of work by Museum staff to reduce the costs for the fit-up of the temporary office space and to defer some of the fit-up costs and other expenses to 2009-2010, only $3.1 million of the $5 million was required for 2008-2009. The Museum received approval to carry forward $1.9 million into 2009-2010.

Other key budget variances were as follows:

- Staff salaries and benefits were lower than budgeted as some positions were not filled, some staff began employment with the Museum later than anticipated and bonuses have not yet been accrued;
- Professional Services were also lower than budget, mainly because some of the work related to human resources policies and job descriptions, as well as web development, was deferred until 2009-2010;
- Expenses for the Board of Trustees were higher than budget, as the budget assumed five, as opposed to the six meetings that were held during a very busy seven months for the Trustees;
- Costs incurred for Exhibit Development were slightly higher than anticipated; one factor was the decision made to produce the Museum's first virtual exhibit to coincide with International Human Rights Day; and
- Marketing and Communications expenses were higher than expected, mainly due to costs incurred to record events and activities in the CMHR's start-up phase, to enable the future production of a documentary.

Operating Budget: Outlook

Because the Museum required $1.9 million less than the $5 million that had been approved for 2008-2009, the Government agreed to carry this amount forward into 2009-2010 which, combined with the $1.5 million already approved, provides initial funding of $3.4 million in 2009-2010. As work continued to refine the operating budget, the revised projection for 2009-2010 was $8.6 million, confirming the cash flow requirements projected for the first two years in the initial Corporate Plan.

The additional $5.2 million is required to continue to hire staff and retain the services of experts to begin the mammoth job of developing the content and programming worthy of a national museum, both for within the museum building and on the museum's web-site.

The CMHR is not a traditional artefact-based museum. Its "collections" will be stories which will be told using video, computer generated and interactive exhibits. Because the museum is not yet fully staffed and the opening is less than three years away, many activities, such as consultations with Canadians, researching and recording stories, developing and implementing content and programming and developing the IT and web infrastructure will require contracted expert services to support and supplement the work of the staff.

The Museum plans to add approximately 30 FTE staff per year, initially focussed in the areas of research and scholarship; exhibits; learning and programming; and IT and web development. By the end of 2011-2012 it will have approximately 100-105 FTE staff in place and will have selected and trained—but not yet fully employed—approximately 40 – 45 FTE staff required for opening.

The pace of recruitment is necessarily aggressive and will require the acquisition of professional human resource services for organizational design, job descriptions, classifications and compensation, advertising and significant training requirements before opening. The Museum will continue to require legal services for issues related to the establishment of the corporation, including the transfer of land and will be continue to be required prior to the opening for review of contracts and legal issues that may arise related to construction.

Professional services will also be required to assist staff to create, install, test and program all the various aspects of what will be a very integrated and state of the art corporate information system, web site and computer generated and interactive exhibits (both on-line and in house). This work will be highly creative, highly technical and particularly time-sensitive.

The CMHR is the only national museum located outside of Ottawa; this "idea museum" is also a wholly new concept in Canada and requires significant study of similar institutions elsewhere. Therefore travel is required for:

- Significant consultation with other idea museums, museums of conscience and human rights organizations, most of which are located outside of Canada;
- Meetings and conferences to promote and market the museum as well as to recruit and develop staff;
- Senior management's attendance at Construction Project Team meetings;
- Ten to twelve Board of Trustees meetings over the first two years;
- Temporary living allowances for staff on interchange agreements and moving allowances for staff recruited from outside Winnipeg, and
- Meetings with the Department of Canadian Heritage, central agencies and the Museum's colleagues in the Heritage Portfolio.

The travel costs projected for 2010-2011 are $566,000 for staff and $175,000 for the Board. In 2011-2012, the Museum has established a budget of $650,000 for staff and $175,000 for the Board.

Summary of Current Operating Estimates

- $3.1 million in 2008–2009
- $8.6 million in 2009–2010
- $15.85 million in 2010–2011
- $21.7 million in 2011–2012

In 2011-2012 – the last full year before the projected opening date of the museum, the Corporation expects to require the full $21.7 million to fund its operations. However, for the fiscal year 2010-2011, the Museum will not require the full $21.7 million and has budgeted $15.85 million for operations. This means that the Museum should be able to access a portion of the difference between its budget and the full $21.7 million to fund its requirements in 2010-2011, and has sought the government's approval to make $5.2 million of the difference available in 2009-2010.[1]

It is important to underline that there are tremendous challenges inherent in starting up a new national cultural institution. The most recently-established was the National Arts Center, created over forty years ago, with an entirely different focus and mandate. It is also unique in that it is the first to be built outside the NCR, and because it was originally conceived of as a private museum, with different operating requirements. As such, evaluations and estimates of operating needs are ongoing. As the work continues on developing the infrastructure, exhibition content, archives, library and web site for this new Crown corporation, the museum is able to bring greater precision to the estimates.

There are two outstanding issues that could have an impact on the long term viability of the new Museum. The operating budget estimated by the Friends for a private museum did not take into account the requirement of national museums to make Payments-in-lieu-of-Taxes (PILT). Once it is fully operational, the Museum's operating budgets will need to address this significant pressure.

As well, although the original estimates by the Friends did build in some provisions for recapitalization, they did not build in provisions to address inflation in operating and maintenance costs which will, as in any building operation, increase over time. The museum will be working with the Department of Canadian Heritage to address future funding pressures related to inflation in operating costs. The museum expects to be in a position to offset some of its operating costs through fundraising and revenue-generation and is mindful that the Government expects the national museums to do this. The future operating budgets the Museum presents to the Government will reflect the further analysis that is required on the Friend's estimates to project the scope for revenue generation.

1 The Government has approved the re-profiling request and will provide the required operating funding for the years 2009-2010, 2010-2011 and 2011-2012.

The Construction Project: Overview

The purpose of the construction project is to create a world-class, distinctive, architecturally exceptional museum – one of the largest museums solely dedicated to human rights in the world. Open to the public in 2012, it will be constructed at the Forks, a National Historic site at the confluence of the Red and Assiniboine Rivers, on a 24,166 m2 site. The CMHR Board of Trustees, after considerable deliberation, approved proceeding with the design for the Canadian Museum for Human Rights—previously selected by the Friends—in October 2008. The construction was launched at a ground-breaking ceremony on December 19, 2008.

The Board of Trustees is fully accountable for overseeing all aspects of the building project, including establishing the time-frames for construction and managing risks throughout. It has ultimate responsibility for the approval of budgets, building design and completion of the project within budget. Recognizing the importance of clearly establishing the Board of Trustees' overall management and oversight of the construction project, issues related to the building project have not been delegated to a sub-committee but rather are dealt with by the Board as a whole.

The Construction Project: Budget

The construction project marks the first time a national museum has been built in Canada with financial contributions from a province, a city and the private sector. The Definitive Agreement stipulated that capital funds from financial contributors other than the Government of Canada were to be held in an escrow account until the CMHR was created as a national museum and a construction contract was signed. These two conditions were met during the 2008-2009 fiscal year, meaning that $75.28 million is being released to the Museum, with the balance of the Friends' cash commitment of $69.04 million payable to the Museum over the next three years. As well, the Friends has returned to the corporation on behalf of Canada the approximately $20 million remaining from the initial $30 million, provided by the Federal Government in 2003 through WED.

The remaining $70 million in federal funds were to be allocated over three years, $10 million in 2008-2009, $20 million in 2009-2010 and $40 million in 2011-2012. However in 2008-2009, the Museum has been able to manage its capital requirements within the money available from the WED funds. The Federal Government has agreed to re-profile the $10 million initially earmarked for 2008-2009 to 2011-2012.

By the end of the fiscal year, the Museum had spent $8.2 million in capital, utilizing WED funds, and recorded $8.3 million in capital costs paid by the Friends prior to the establishment of the Museum with contributions from the Province of Manitoba and the WED funds from Canada.

A key challenge facing the Museum will be to address the anticipated capital funding pressure that has resulted largely from significant inflation since the project was initially conceived in 2007 as a $265 million project, and because the building has been redesigned to meet LEED Silver environmental certification requirements. The Museum minimized some of this risk through an extensive value engineering exercise. It also considered the options of requesting a major re-design or launching a second competition to build a less expensive building, but this would have cost millions in preparatory work and added months or years of delay to get to a legitimate cost estimate that could, ultimately cost potentially as much or more than the original design, with less architectural impact. All costs incurred from development of the first design would also be lost. A reduction in the scope of the building, a change in design or a delay in the opening date could also potentially result in donors cancelling their pledges.

Following extensive due diligence, the Board determined that the risks from delay and lost costs were significantly higher than the financial risks of moving forward, and therefore approved proceeding with the Predock design. By the fall of 2009, 76% of the costs will be tendered and locked in and the total project costs will be reviewed again at that time. The Board has developed a financial risk mitigation strategy, including asking the Friends of the Canadian Museum for Human Rights to continue its fundraising efforts.

Construction Project: Risk Management

Any capital project brings with it a wide range of risks that need to be carefully managed, including the risk of cost overruns. The Museum has identified the potential risks facing the project, along with strategies to deal with them, including plans to address the capital shortfall addressed above and for risks related to the project schedule; inflation and complexity of the building, among others. The CMHR project is being delivered using a collective team approach to construction. This methodology joins the owner (CMHR), the project manager, executive and design architects, consultants and construction manager in a cohesive Project Team, meeting regularly to review the budget and schedule and to resolve issues related to construction. The team is focused on a common goal – delivering the project in the most efficient manner, on time, and within budget.

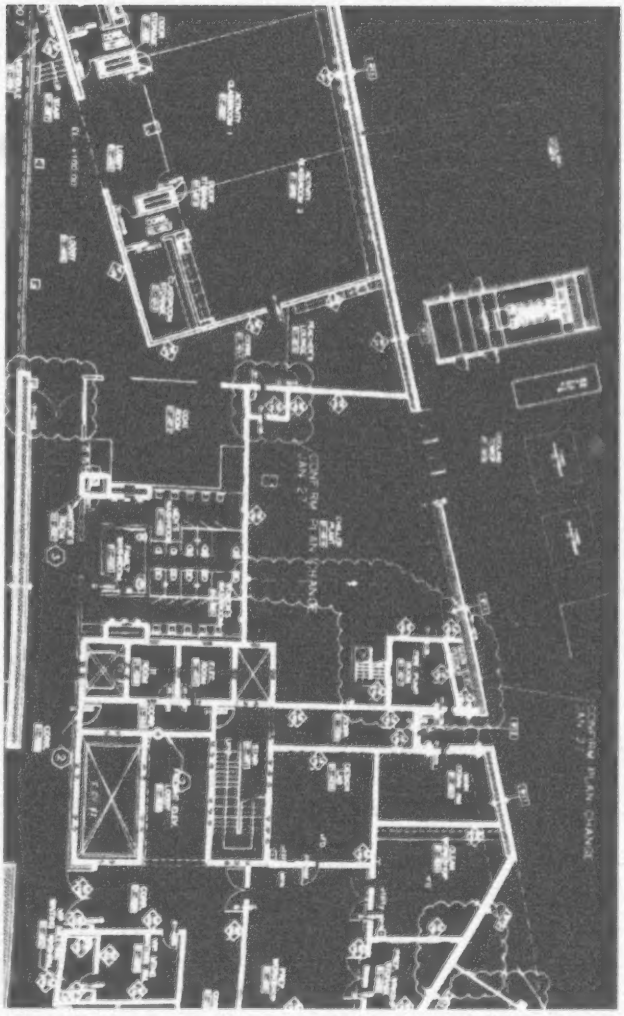
The architectural design for the Canadian Museum for Human Rights building is extremely complex. The use of a team approach to construction reduces the likelihood of costly changes in design or additions or deletions to the work as the construction project proceeds. A design assist procurement process is being used that, unlike traditionally bid projects, involves subcontractors during the design development and construction document stages of the project to provide valuable input into the design, planning, scheduling, budgeting (including the identification of cost-saving measures) and tendering – a focused team effort towards delivery of the project. This approach is currently being used with structural, mechanical and electrical trades and with the exterior glazed facade.

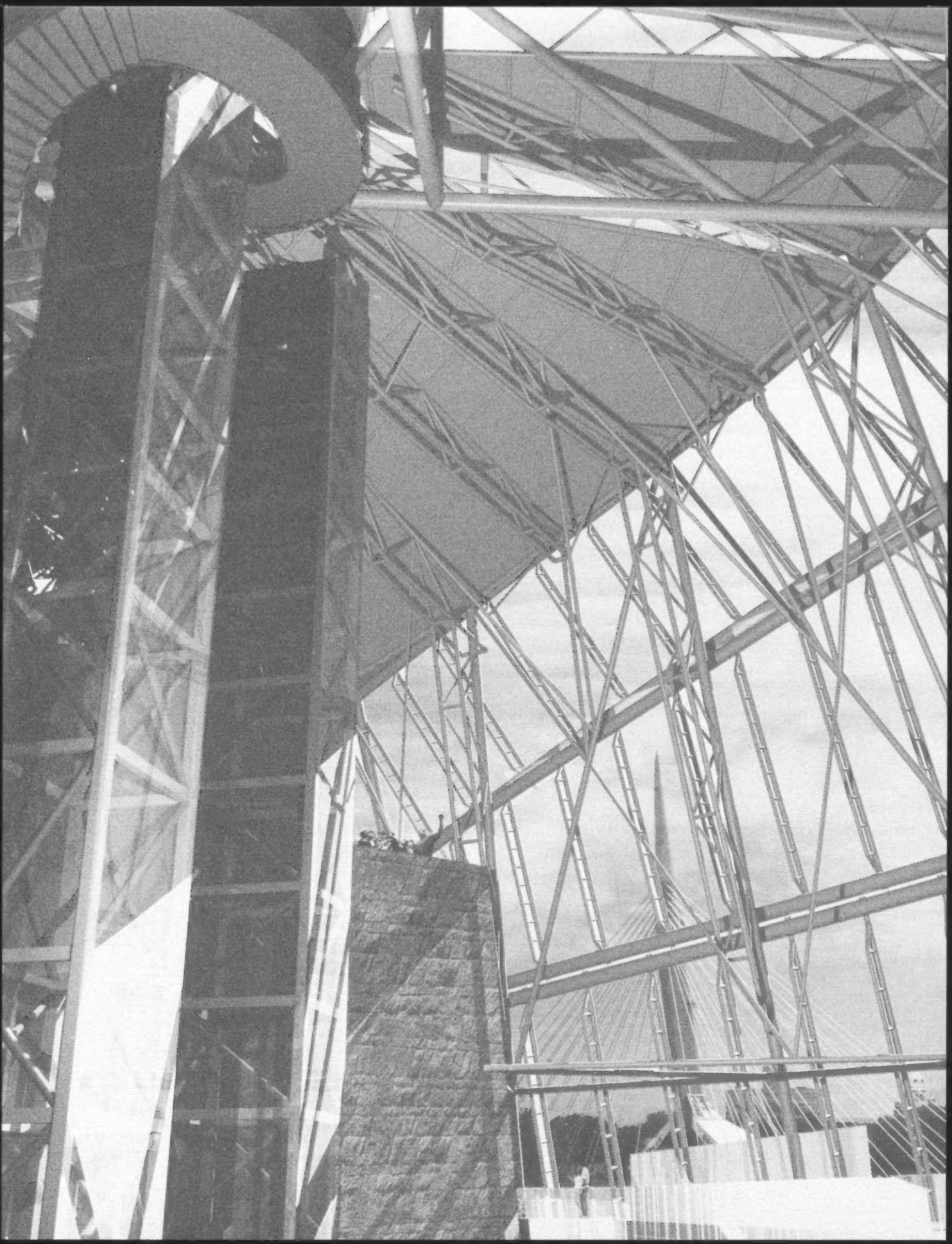
The construction schedule also requires extreme attention to deadlines – any significant delays in the key milestones listed above will delay the completion date. Constant and regular review of the plans and schedules for the project are carried out by the project team in order to mitigate any design and cost issues that occur during the construction period.

The cost of steel and other materials, the cost and complexity of the exterior glazing and the impact of foreign exchange fluctuations could also have a significant impact on the cost of the building.

In all cases, the Museum has developed a detailed risk management strategy, and the CMHR Board of Trustees and senior management have taken steps to:

- Identify all necessary actions that could be carried out in advance to reduce or eliminate the impact of risks;
- Continue to monitor and track all identified risks;
- Develop contingency plans to deal with significant risks; and
- Document and communicate the project risks to the project team, stakeholders and decision makers.





MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements contained in this annual report in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are Management's responsibility. The financial statements include some amounts that are necessarily based on management's estimates and judgment. Financial information presented throughout the annual report is consistent with the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of the financial information; that assets are safeguarded and controlled; and that transactions are in accordance with the Financial Administration Act and regulations as well as the Museums Act and the by-laws of the Corporation.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board would normally exercise its responsibilities through the Audit Committee. During this important start-up phase of the Museum's history, and given that a full Board has not yet been appointed, the Board of Trustees is carrying out the duties, roles and responsibilities of the Audit Committee as a Committee of the Whole. There are no officers of the Corporation sitting on the Audit Committee.

The Committee of the Whole meets with Management and the independent external auditor to review the manner in which the responsibilities for financial statements are being performed and to discuss auditing, internal controls and other relevant financial matters. The Committee of the Whole—and therefore the Board of Trustees—has reviewed the financial statements with the external auditor and has approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister of Canadian Heritage and Official Languages, who is responsible for the Canadian Museum for Human Rights.

Patrick O'Reilly
Chief Operating Officer

Susanne Robertson, CA
Chief Financial Officer

May 6, 2009

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

I have audited the balance sheet of the Canadian Museum for Human Rights as at March 31, 2009 and the statements of changes in shareholder's equity, operations and comprehensive income and cash flows for the eight-month period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the eight-month period then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act* and the by-laws of the Corporation.

Mark G. Watters, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 6, 2009

BALANCE SHEET

As at March 31, 2009

Assets		2009
Current assets:		
Cash	$	819,525
Accounts receivable (note 3)		77,556,827
Prepaid expenses		116,109
		78,492,461
Restricted cash, cash equivalents, and investments (note 4)		17,717,579
Property and equipment (note 5)		201,112
Assets under construction (note 6)		16,487,986
	$	112,899,138
Liabilities and Shareholder's equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$	2,911,404
		2,911,404
Deferred funding related to property and equipment (note 9)		32,343,347
Deferred parliamentary appropriations		241,135
		35,495,886
Shareholder's equity:		
Retained earnings		82,177
Accumulated other comprehensive income		77,321,075
		77,403,252
	$	112,899,138

Commitments and Contingencies (notes 14 and 15)

The accompanying notes and schedule form an integral part of the financial statements.

Approved by the Board of Trustees:

A.C. Chairperson

Trustee

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the eight months ended March 31, 2009

		2009
Retained earnings, as of August 10, 2008	$	–
Net results of operations		82,177
Retained earnings, end of year		82,177
Accumulated other comprehensive income, as of August 10, 2008		–
Other comprehensive income		77,321,075
Accumulated comprehensive income, end of year		77,321,075
Shareholder's equity, end of year	$	77,403,252

The accompanying notes and schedule form an integral part of the financial statements.

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the eight months ended March 31, 2009

		2009
Expenses (schedule 1):		
Museum content and program	$	584,010
Accommodation		505,729
Stewardship and corporate management		1,727,718
Total expenses		2,817,457
Net result of operations before government funding		(2,817,457)
Government funding:		
Parliamentary Appropriations (note 10)		2,858,865
Other government assistance		40,769
Net result of operations	$	82,177
Other comprehensive income		
Restricted donations from non-owners		78,534,315
Capital funding moved to deferred contributions		(1,172,471)
Government assistance recognized		(40,769)
Other comprehensive income		77,321,075
Comprehensive Income	$	77,403,252

The accompanying notes and schedule form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the eight months ended March 31, 2009

		2009
Operating activities:		
Cash receipts (parliamentary appropriation)	$	2,858,865
Cash paid (employees and suppliers)		(2,272,931)
		585,934
Investing activities:		
Investment in building project		(6,349,412)
Acquisition of property and equipment		(7,544)
Increase in restricted cash, cash equivalents and investments		(17,650,380)
		(24,007,336)
Financing activites:		
Parliamentary appropriation for the acquision of property and equipment		241,135
Other Government of Canada funding for the building project and related investment income		23,999,792
		24,240,927
Increase in cash		819,525
Cash, as of August 10, 2008		-
Cash, end of year	$	819,525

The accompanying notes and schedule form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTHS ENDED MARCH 31, 2009

1. AUTHORITY, MANDATE AND OPERATIONS:

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The mandate, as stated in the amendments to the Museums Act, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

The operations of the Corporation are divided into three mutually supportive activities which work together to meet all aspects of its mandate. These activities and their respective descriptions are:

MUSEUM CONTENT AND PROGRAM:

To become the world's first museum dedicated to the exploration of human rights and serve as Canada's national brain trust, intellectual fountain and knowledge depository for human rights – an institution that engages and empowers Canadians and visitors from all walks of life to combat prejudice, intolerance and discrimination. To develop the content and programming through ongoing consultation and engagement of Canadians, including, but not limited by, the valuable work already undertaken by the original proponents of the project, the Friends of the Canadian Museum of Human Rights Inc. ("Friends of CMHR"), and the Minister's Advisory Committee on the museum.

ACCOMMODATION:

To build a world-class, distinctive, architecturally exceptional museum – one of the largest museums solely dedicated to human rights in the world. To ensure that all aspects of the Building Construction Project are managed in a sound, transparent and accountable manner, on time and within budget, and employing effective project and risk-management practices. By the time the facility opens in 2012, to establish the appropriate mechanisms to provide for effective, efficient operations and maintenance of the building and its ongoing security, accessibility and sustainability.

STEWARDSHIP AND CORPORATE MANAGEMENT:

To ensure that the private and public funds invested are managed in a transparent, accountable manner; that resources are effectively deployed, developed, directed, administered and controlled; and that the museum optimizes the value it contributes to Canadians and Canadian society. To adopt sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability to Canadians for results.

EIGHT MONTHS ENDED MARCH 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow.

(a) Financial statement presentation and comparative figures

The Corporation commenced active operations when legislation to create the museum came into force on August 10, 2008. Accordingly, the year ended March 31, 2009 is the first year of operations and there are no comparative results presented.

(b) Financial assets and financial liabilities:

Cash and investments are classified as "Financial Assets Held for Trading". These financial assets are recorded at fair value as determined by reference to their quoted bid price at the reporting date. Fair value adjustments to investments of restricted cash are recorded as deferred contributions on the Balance Sheet while fair value adjustments to investments of non-restricted cash are recorded in the Statement of Operations and Comprehensive Income. Purchases of investments are recorded on the trade date.

Cash equivalents are assets that are readily convertible into cash, such as money market holdings, short term government bonds or treasury bills, marketable securities and commercial paper. Cash equivalents are distinguished from other investments through their short-term existence; they mature within 3 months.

Accounts receivable are classified as "Loans and Receivables". After the initial fair value measurement, they are measured at amortized cost using the effective interest rate method with changes in value recorded in the Statement of Operations.

Accounts payable and accrued liabilities are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method with changes in value recorded in the Statement of Operations.

(c) Property and equipment:

Property and equipment owned by the Corporation are valued at cost, net of accumulated amortization.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets as follows:

Asset	Useful Life
Leasehold improvements	Shorter of term of lease and useful life of leasehold improvements.
Computer equipment and hardware	3 years

No amortization is taken on assets under construction until they are placed in use.

(d) Employee future benefits:

i) Pension Benefits:

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions to the plan reflect the full cost of the employer contributions. The amount is currently based on a multiple of the employee's required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(e) Contributions:

Unrestricted contributions are recognized as revenue on the Statement of Operations and Comprehensive Income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally

restricted, and related investment income, are recorded in other comprehensive income and recognized as either revenue in the Statement of Operations and Comprehensive Income or deferred funding related to property and equipment on the Balance Sheet in the year in which the related expenses are incurred. Deferred funding related to property and equipment is amortized on the same basis and over the same periods as the related property and equipment.

(f) Government funding:

i) Parliamentary appropriations:

The Government of Canada provides funding to the Corporation. The portion of the parliamentary appropriation used or to be used for the Building Project and to purchase depreciable property and equipment is recorded as deferred funding related to property and equipment and amortized on the same basis and over the same periods as the related property and equipment. Parliamentary appropriations for specific projects are deferred and recognized on the Statement of Operations and Comprehensive Income in the year in which the related expenses are incurred. The remaining portion of the appropriation is recognized in the Statement of Operations and Comprehensive Income in the year for which it is approved.

ii) Other government assistance:

Funding may be provided by various levels of government, excluding Canada. Unrestricted government funding is recognized as government assistance on the Statement of Operations and Comprehensive Income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance, that is externally restricted, and related investment income, are recorded in other comprehensive income and recognized as either government assistance in the Statement of Operations and Comprehensive Income or deferred funding related to property and equipment on the Balance Sheet in the year in which the related expenses are incurred. Deferred funding related to property and equipment is amortized on the same basis and over the same periods as the related property and equipment.

(g) Measurement uncertainty:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the year. Accrued liabilities, contingent liabilities, and estimated useful lives of property and equipment are the most significant items where estimates are used. Actual results could differ significantly from those estimates.

3. ACCOUNTS RECEIVABLE:

		2009
Escrow funds due from Royal Trust:		
Province of Manitoba	$	39,777,647
City of Winnipeg		16,401,035
Friends of CMHR		21,142,393
Refundable taxes		202,204
Other		33,548
	$	77,556,827

The carrying amounts of the Corporation's accounts receivable approximate their fair values due to their short term nature.

In 2008, in accordance with the Definitive Agreement, the Province of Manitoba, City of Winnipeg and Friends of CMHR deposited contributions of $38.8 million, $16.0 million and $20.48 million respectively to escrow accounts to be held in trust until the museum was established by an amendment to the *Museums Act* and a construction contract was signed by the Corporation. At March 31, 2009, the two conditions had been met and the escrow funds, including total related investment income of $3,995,067, are due to the Corporation.

EIGHT MONTHS ENDED MARCH 31, 2009

4. RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS:

	Cost	Unrealized gains	Realized gains	Fair Value
Restricted Cash	$ 4,553,649	$ –	$ –	$ 4,553,649
Government of Canada Treasury Bills	3,499,052	3,363		3,502,415
Guaranteed Investment Certificates	8,101,917	55,815		8,157,732
Province of Ontario Bonds	1,495,762	8,021		1,503,783
Balance, end of year	$ 17,650,380	$ 67,199	$ –	$ 17,717,579

5. PROPERTY AND EQUIPMENT:

	Cost	Accumulated amortization	2009 Net Book Value
Leasehold improvements	$ 335,193	$ 158,655	$ 176,538
Computer equipment and hardware	24,574	-	24,574
	$ 359,767	$ 158,655	$ 201,112

6. ASSETS UNDER CONSTRUCTION:

Assets under construction represent costs incurred for the development and construction of the museum building facility. The assets under construction are comprised of the following costs incurred to date:

	2009
Building Design and Construction	$ 14,332,387
Exhibit Design and Construction	2,115,576
Land Transfer – Legal Costs	40,023
	$ 16,487,986

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2009
Trade accounts payable	$ 406,321
Building construction project accounts payable	1,873,633
Government agencies and departments	620,835
Vacation pay	10,615
	$ 2,911,404

The carrying amounts of accounts payable and accrued liabilities approximate their fair values due to their short term nature.

EIGHT MONTHS ENDED MARCH 31, 2009

8. EMPLOYEE FUTURE BENEFITS:

Pension benefits:

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings to the employee's best five years up to retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Estimates of the Corporation's and employees' contributions to the Public Service Pension Plan for the period were as follows:

	2009
Corporation's contributions	$ 18,166
Employees' contributions	$ 4,923

During 2008-09, the employee's and the Corporation's contributions totaling $23,089 were payable pending remittance, due to registration delays.

9. DEFERRED FUNDING RELATED TO PROPERTY AND EQUIPMENT:

(a) Deferred funding related to property and equipment is composed of:

	2009
Deferred capital funding – Government of Canada	$ 31,170,876
Deferred capital funding – Province of Manitoba	1,160,441
Deferred capital contributions	12,030
	$ 32,343,347

i) Deferred capital funding represents the unamortized portion of parliamentary appropriations or other government assistance used or to be used to pay for building project costs and depreciable property and equipment. Deferred capital funding is recognized as parliamentary appropriation revenue or other government assistance on the same basis and over the same periods as the related property and equipment is amortized.

ii) Deferred capital contributions represent the unamortized portion of donations used for building project costs and to purchase depreciable property and equipment. Deferred capital contributions are recognized as donation revenue on the same basis and over the same periods as the related property and equipment is amortized.

(b) Changes in the deferred funding related to property and equipment is composed of:

	2009
Balance, August 10, 2008	$ –
Government of Canada funding	27,000,000
Interest earned on Government of Canada funding while held in trust	3,995,067
Government of Manitoba funding	1,160,441
Interest and investment income on deferred funding	175,809
Capital contributions from Friends of CMHR	12,030
Balance, end of year	$ 32,343,347

EIGHT MONTHS ENDED MARCH 31, 2009

10. GOVERNMENT FUNDING – PARLIAMENTARY APPROPRIATIONS:

	2009
Main estimates amount provided for operating and capital expenditures	$ 5,000,000
Carry forward to 2009–10	(1,900,000)
Amounts used to purchase depreciable property and equipment	(399,790)
Amortization of deferred funding related to property and equipment	158,655
Other Government of Canada funding - Western Economic Diversification Canada	27,000,000
Amounts received in the current period relating to the construction of the Museum Project	(27,000,000)
	$ 2,858,865

11. FINANCIAL RISK MANAGEMENT:

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Trustees ensures that the Corporation has identified its major risks and ensures that management monitors and controls them. The Board oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk. The Board of Trustees is currently acting as the Audit Committee.

(a) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of accounts receivables and restricted cash, cash equivalents and investments.

The maximum exposure to credit risk of the Corporation at March 31, 2009 is the carrying value of these assets.

i) Accounts receivable:

The Corporation's exposure to credit risk associated with accounts receivable is influenced mainly by the demographics of the Corporation's debtors, including the risk associated with the type of debtor and the country in which the debtor operates. The Corporation's accounts receivable balance as at March 31, 2009 is comprised of escrow funds held in trust and amounts due from the Government of Canada, broken down as follows, and is current. No allowance for doubtful accounts has been recorded by the Corporation as at March 31, 2009.

	2009
Escrow funds due from Royal Trust:	
Province of Manitoba	$ 39,777,647
City of Winnipeg	16,401,035
Friends of CMHR	21,142,393
Refundable taxes	202,204
Other	33,548
	$ 77,556,827

ii) Cash, cash equivalents and investments:

The Corporation manages its credit risk surrounding cash, cash equivalents and investments by dealing solely with reputable banks and financial institutions, and utilizing an investment policy to guide their investment decisions. The Corporation invests surplus funds to earn investment income with the objective of preserving the capital to meet future disbursement requirements and providing adequate liquidity to meet cash flow requirements.

Investments are limited to short-term highly liquid cash equivalents issued by governments and their agencies or corporations maturing within one year or fixed income investments beyond one year. They must be denominated in Canadian dollars and maintain the following credit ratings of the Dominion Bond Rating Service, Standard & Poor's Rating Services or a recognized rating agency:

Cash equivalents must be rated R-1 low or A1 low or equivalent;

Government Bonds must be rated A or better; and

Corporate Bonds must be rated AA low or better.

No part of the portfolio may be invested in equities, options, futures or derivative products.

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return.

i) Foreign exchange risk:

The Corporation's financial assets and liabilities are in Canadian dollars which is the functional currency of the Corporation. Foreign exchange risk may arise from certain contracts related to the building project which may be denominated in foreign currencies, specifically the US dollar and the Euro. At March 31, 2009 the Corporation did not have any foreign currency risks.

Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations. The effect of fluctuations in foreign exchange rates on the financial statements is insignificant.

ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. The Corporation's restricted cash, cash equivalents and investments mainly include short-term, highly liquid investments that earn interest at fixed rates. The Corporation does not have any debt instruments outstanding with fixed or variable interest rates at March 31, 2009.

The Corporation manages its interest rate risk by maintaining a mix of highly liquid investments and maximizing interest income earned on invested funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

At March 31, 2009, if interest rates at that date had been 1% lower with all other variables held constant, other comprehensive income would have been $31,620 lower, arising mainly as a result of a decrease in the fair value of fixed rate financial assets classified as held for trading. If interest rates had been 1% higher, with all other variables held constant, other comprehensive income would have been $31,620 higher, arising mainly as a result of an increase in the fair value of fixed rate financial assets classified as held for trading.

EIGHT MONTHS ENDED MARCH 31, 2009

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

The Corporation manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

At March 31, 2009, the Corporation had cash and cash equivalents of $8,876,441. All of the Corporation's financial liabilities have contractual maturities of less than 60 days.

At March 31, 2009, the Corporation has the following financial obligations:

	2009
2009–10	$25,275,022
2010–11	8,236,160
2011–12	8,039,716
	$ 41,550,898

12. CAPITAL MANAGEMENT:

The Corporation defines capital that it manages as the aggregate of its shareholder's equity which is comprised of retained earnings and accumulated other comprehensive income, and its deferred funding related to property and equipment. Deferred funding consists of government appropriations and donations received to fund the design and construction of the building and the acquisition of property and equipment.

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfill its mission and objectives for the Government of Canada to the benefit of Canadians.

The contributions received by the Corporation in accordance with the Definitive Agreement are restricted for use in the building project. The strategy with respect to capital risk management is to ensure that the restricted funds are segregated and utilized in accordance with the budget for the building project. The Corporation expects to deliver the construction project within the funds raised.

The Friends of CMHR committed in the Definitive Agreement to provide cash contributions in four annual installments. The only source of funding for the installment payments is the collection of pledges individuals, organizations and corporations have made to Friends of CMHR for the museum project. This represents a potential risk to the Corporation. The Friends of CMHR have, however, had significant success with their pledge collections, which is demonstrated by payment of their first two installments – $20.48 million in February 2008 and $24.55 million subsequent to this year end, in April, 2009. The two remaining installments are $24.43 million due April 1, 2010 and $20.06 million due April 1, 2011.

The following table provides a summary of the Corporation's capital:

	Balance at 10 August 2008	Change in period Increase	Balance at 31 March 2009
Shareholder's equity			
• Retained Earnings	$ –	$ 82,177	$ 82,177
• Accumulated Other Comprehensive Income	$ –	$ 77,321,075	$ 77,321,075
• Deferred funding related to property and equipment	$ –	$ 32,343,347	$ 32,343,347

EIGHT MONTHS ENDED MARCH 31, 2009

13. RELATED PARTY TRANSACTIONS:

The Corporation is related to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Corporation incurred expenses totaling $459,320 and recorded operating revenue of $2,858,865 with related parties.

As at March 31, 2009 the Corporation recorded the following amounts on the Balance Sheet for transactions with related parties:

	2009
Property and equipment	$ 335,193
Accounts payable and accrued liabilities	620,835
Deferred funding related to property and equipment	27,000,000
Deferred parliamentary appropriations	241,135

14. COMMITMENTS:

As at March 31, 2009, the Corporation has entered into long-term contracts for equipment and services with a remaining value of $1,081,360. As of March 31, 2009, the Corporation has also entered into long-term contracts for $48.1 million of construction services for the Building Project with a remaining commitment of $37.6 million. The Building Project is planned for completion in April 2012.

The future minimum payments are as follows:

	2009
2009–10	$ 22,372,484
2010–11	8,236,160
2011–12	8,039,716
	$ 38,648,360

15. CONTINGENCIES:

In the normal course of its operations, the Corporation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Corporation's financial statements.

There are no outstanding claims against the Corporation and no amount has been included in the Balance Sheet as at March 31, 2009.

EIGHT MONTHS ENDED MARCH 31, 2009

16. SUBSEQUENT EVENTS:

On April 15, 2009, the Corporation acquired land for the building project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of the land reverts back to the City of Winnipeg and The Forks Renewal Corporation when the land is no longer used for the purposes of the museum, or such other purposes as approved by the previous owners. The value of the land cannot be estimated at this time.

At March 31, 2009, Royal Trust holds in escrow funding of $77,321,075 from the Province of Manitoba, the City of Winnipeg and Friends of CMHR that would be released to the Corporation when the museum is incorporated under the *Museums Act* and construction contract has been signed. At March 31, 2009, these two conditions have been met therefore the escrow funds have been recorded as a receivable on the Balance Sheet. As these funds are restricted contributions from non-owners, the corresponding amount is reflected in Other Comprehensive Income and will be moved to deferred funding for property and equipment as the funds are used for the construction of the building and exhibits.

In April, 2009, the Friends of CMHR paid the second installment of their contribution in the escrow account to the building project as required by the Definitive Agreement in the amount of $24.55 million. This contribution was due April 1, 2009 and, accordingly, is not recorded as receivable on the Balance Sheet.

SCHEDULE 1 – EXPENSES

	2009
Professional and special services	$ 989,578
Personnel costs	610,395
Office supplies and administration	266,308
Exhibit content development	261,532
Travel	209,565
Marketing and promotion	182,562
Amortization of property and equipment	158,655
Facilities	138,862
Total expenses	$ 2,817,457